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Addendum

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Chapter II

REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION OF THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES - UNCTAD'S CONTRIBUTION TO THE FOLLOW-UP OF THE PROGRAMME OF ACTION

(Agenda item 5)

1. For its consideration of agenda item 5, Sessional Committee II had before it the following documentation:

"Review of progress in the implementation of the Programme of Action of the Second United Nations Conference on the Least Developed Countries - UNCTAD's contribution to the follow-up of the Programme of Action: note by the UNCTAD secretariat" (TD/B/1285);

"Declaration adopted by the first meeting of the Heads of State and Government of the Least Developed Countries (New York, 1 October 1990)" (TD/B/1286 - A/C.2/45/5).

2. In an introductory statement, the Deputy Secretary-General of UNCTAD said that the decision made by the Second United Nations Conference on Least Developed Countries to review annually, in the Trade and Development Board, progress in the implementation of the Programme of Action for the LDCs for the 1990s showed the importance attached to the regular follow-up of the Programme in UNCTAD. Referring to the decision of the General Assembly to strengthen the Special Programme of UNCTAD on the LDCs, he said that the additional resources thus provided would enable the secretariat to strengthen its analytical and support capacities, and notably to contribute to follow-up activities at the national level and extend its work into the new priority areas defined in the Programme of Action, such as developing human capacities and environment. The Secretary-General of UNCTAD had decided to upgrade the Special Programme within the secretariat in view of its increased responsibilities; the process of reorganizing and enhancing the Special Programme, presently under way, would be completed as quickly as possible. During the past few months, the secretariat had also initiated consultations with other organs and organizations of the United Nations system to examine the means of strengthening the links between various levels of follow-up in the implementation of the Programme of Action and to determine the modalities for inter-agency exchange of information and co-ordination. As regards UNCTAD VIII, although there was no specific item referring to LDCs on the

agenda, LDCs, which formed part of the developing countries, would benefit from general progress made at the Conference; moreover, it was expected that they would be given specific consideration in sectoral areas. The background documentation for the Conference would refer to the LDCs under the appropriate headings.

3. With regard to the current situation of the LDCs, the outlook for those countries was now worse than foreseen at the time of the Paris Conference due to the consequences of the crisis in the Persian Gulf. The attention of the international community, which already had before it the changes in Eastern Europe, the establishment of major trading blocks and the search for new forms of regional and global security and equity, would now also be turned to the need for reconstruction and economic recovery in the countries affected by the war. It was important to ensure that these efforts and concerns, necessary and legitimate in themselves, did not lead to a withdrawal of resources from the LDCs. In view of this situation, the Board should confirm the determination of member States to fulfil the commitments undertaken in the Programme of Action and underline the urgent nature thereof. As other unforeseen events might occur in the future, and given the overall vulnerability of the LDCs, new measures could become necessary in this context in order not to jeopardize the objectives set in the Programme.

4. The Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries said that the Second United Nations Conference on the Least Developed Countries had entrusted considerably increased responsibilities to UNCTAD in the follow-up to the Programme of Action adopted at the Conference and that the General Assembly, at its forty-fifth session, had decided that UNCTAD should continue to serve as the focal point for the review and appraisal of the implementation of the Programme of Action. The secretariat was making arrangements, including the use of questionnaires, to gather information, from both LDCs and donors about the policies and measures they were adopting in order to implement the Programme and meet the commitments they had undertaken, for a first substantive review, expected to take place at the 1992 spring session of the Board. It was also envisaged to change the format of future annual LDC reports to some extent, inter alia by selecting one or two special topics for more in-depth consideration each year.

5. He went on to review follow-up activities which the secretariat had already undertaken since the adoption of the Programme of Action, consultations with other agencies on the organization of the follow-up to the

Programme, and activities of operational and substantive interest which could be undertaken in this context. He also referred to the meeting of experts convened in January 1991 to discuss the criteria for identifying the least developed among the developing countries, noting that work on criteria and their application was continuing. Moreover, UNCTAD was developing various technical assistance projects and programmes for LDCs, including activities for helping LDCs implement the Programme of Action through economic and technical co-operation among developing countries.

6. He emphasized that the experience gained in monitoring the SNPA, the capacity which UNCTAD had built up in this area during the past decade, the modes of work adopted during the preparatory process leading up to the Second United Nations Conference on LDCs, the new resources provided to the secretariat and, above all, the strong political commitment expressed by the international community in the Paris Declaration and Programme of Action augured well for a similarly strong and substantive contribution from UNCTAD to the follow-up of the Programme of Action for the LDCs for the 1990s.

7. The spokesman for the Group of 77 (Bangladesh) said that the consideration of agenda item 5 constituted a watershed in the evolution of the role of UNCTAD in the review process which was crucial to the implementation of the Programme of Action throughout the decade. He noted that, despite the short time that had elapsed since the Second United Nations Conference on the LDCs, the UNCTAD secretariat had provided the Board with an advance copy of the Least Developed Countries Report 1990. The Report contained useful updated information on the situation of the LDCs and provided a very valuable assessment of policy orientations for sustained development in the LDCs. The Paris Conference and the General Assembly had entrusted UNCTAD with a significantly enhanced role and responsibilities in the context of the review, monitoring and follow-up of the Programme of Action, which, at the global level, would involve analysing experience with policy framework plans and country-level co-ordination arrangements, assessing the economic and social performance of LDCs, monitoring the implementation of commitments and measures, and reviewing the assistance of the LDCs' development partners. It had requested UNCTAD to provide support for the strengthened and expanded country review process and review at the regional levels, and it had also called for establishing the necessary links between follow-up at the national, regional and global levels. The Secretary-General of UNCTAD had been called upon to assist the Secretary-General of the United Nations in mobilizing all

bodies in the United Nations system for the implementation of the follow-up. UNCTAD had also been invited to assist LDCs in undertaking consultations among themselves on matters of common interest and to continue and where necessary expand technical assistance activities in the LDCs. He expressed appreciation to the Governments of Italy and the Netherlands for their contribution to UNCTAD's technical assistance activities and to the Government of Japan for organizing the Tokyo forum to be held in May 1991.

8. The social and economic situation of the LDCs as a whole had worsened during the 1980s. That extremely worrisome trend had continued during 1989-1990, as the overall economic growth of LDCs as a group had further slowed down, resulting in 1990 in a growth rate of 2.5 per cent, which was one percentage point lower than in 1988 and reflected negligible per capita growth rates. Several external factors had contributed to this situation, including global economic slowdown, financial instability, changes in Eastern Europe, the continued insufficiency of external support, and the uncertainties generated by the recent events in the Middle East. External shocks, which found in the LDCs their worst victims, called for urgent and decisive additional support measures by the international community to enable the LDCs to absorb the adverse impact thereof. He earnestly hoped that the current session of the Board would provide an opportunity to consider requesting the UNCTAD secretariat to undertake an in-depth examination of the consequences of the recent events in the Middle East, so that specific additional measures could be recommended to mitigate those consequences.

9. Pursuant to the provisions of the Programme of Action, the LDCs had already initiated policies and measures which were comprehensive in scope. New policy approaches were already in place or emerging in the LDCs which stressed reform and enhanced efficiency of the public sector, ensuring broader participation in the development process, taking due consideration of market signals, promoting private initiatives, linkage of poverty to environmental degradation, etc. The LDCs were effecting these fundamental changes, which were often painful and disruptive, under very adverse economic conditions, and particularly against the backdrop of a worsening external economic climate. Unless buttressed by sufficient support measures by their development partners, these extraordinary and painstaking efforts might come to naught. Development partners were therefore urged to redeem their pledge for timely and adequate external support in all areas, in particular ensuring substantial increases in ODA and immediate actions in the areas of external debt and trade.

10. General Assembly resolution 45/206 was to be welcomed, but the additional resources provided to the Special Programme were not sufficient to allow it to carry out its greatly enhanced mandate. He called for proposals for further resources to be included in the context of the programme budget for the next biennium. The Group of 77, following the adoption of resolution 45/206, had reiterated its position, as contained in the Arusha Declaration of 1979, regarding upgrading the Special Programme for LDCs, and he expressed deep appreciation to the Secretary-General of UNCTAD for his decision to upgrade the Special Programme. His Group was fully convinced that this upgrading would soon be fully and distinctly reflected in the structure of the UNCTAD secretariat.

11. In conclusion, he urged that the Board request the Secretary-General of UNCTAD to make an oral report to the eighth session of the Conference on the positive outcome of the Paris Conference, as well as on UNCTAD's efforts to implement its mandate under the Programme of Action.

12. The spokesman for Group B (Greece) said that the Second United Nations Conference on the Least Developed Countries, which had been hosted by France and had been welcomed by the international community as a major success, had confirmed the effectiveness of the preparatory process in which UNCTAD had played a central role. The Programme of Action adopted by the Conference was an international policy statement that was meant to guide the action of the international community during the 1990s. As stated by the Paris Declaration, the Programme of Action demonstrated a unanimous determination to promote an ambitious development policy, the success of which rested on the effectiveness of national policies, a favourable international climate and a strengthened partnership based on mutual commitments. The Governments of LDCs had the major responsibility for their development by defining and implementing appropriate policies, and their partners would support those policies and efforts. Group B was looking forward to the implementation of the results of the Conference on the basis of shared responsibility and strengthened partnership.

13. The Programme of Action emphasized the role of private entrepreneurship, efficient public enterprise, and integrated rural development as elements necessary for take-off in the LDCs' economies. It also stressed the need to develop human resources by making populations, both men and women, the actors and beneficiaries of development, by respecting human rights and social justice, and by applying effective population, health, education, training and

employment policies. Another important consideration was that all countries should, as stated in the Punta del Este Declaration, give special attention to the particular situation and problems of the LDCs and to the need for positive measures to facilitate expansion of their trading opportunities.

14. The present session of the Board formed part of the global follow-up to ensure the pragmatic, operational, adaptable and evolutionary process of the implementation of the Programme of Action. Recalling the mandate of UNCTAD in that regard, he said that, at the global level, UNCTAD, in co-operation with other concerned organizations, organs and agencies of the United Nations system, should continue to serve as the focal point for the review and appraisal of the implementation of the Programme of Action. Every effort must be made to ensure that the LDCs, which represented one-fourth of the countries of the world, be given every opportunity and the appropriate support to avoid the risk of marginalization. In that connection it must be emphasized that priorities vis-à-vis the LDCs would not be affected by the developments in Central and Eastern Europe.

15. With regard to the Declaration of the first meeting of Heads of State and Government of LDCs (TD/B/1286), the growing awareness on the part of the LDCs themselves of the need for profound policy reforms met with the satisfaction and full support of the Group B countries. Group B considered the link between socio-economic development and respect for human rights, as well as more even participation in decision-making in these countries, to be of paramount importance for the success of the Programme of Action.

16. The representative of the Netherlands, speaking on behalf of the European Economic Community and its member States, said that in adopting its final Declaration and the Programme of Action for the LDCs, the Paris Conference had given the LDCs reason to take up the challenge of the future with confidence. The Community and its member States pinned great hopes on this programme, which they would like to see as a true contract of solidarity; the mutual commitments by the LDCs and donors which formed the basis of this enhanced partnership must not remain at the level of intentions. For their part, the Community and its member States would fulfil the commitments made in Paris. The Community as a whole already allocated close to 0.13 per cent of its GDP to assistance for the LDCs, and it was foreseen, on the basis of efforts already made and announcements made in Paris, that this percentage would rise to over 0.15 per cent before the end of the decade. Some countries had already exceeded that target.

17. The Community and its member States attached great importance to following up the commitments made in the Programme. At the current session of the Board, they would like to see a discussion of the modalities for implementing the different mechanisms agreed upon in this regard in Paris, in order to define more clearly the practical arrangements for the follow-up. The mandate given by the General Assembly to UNCTAD in the follow-up process posed a number of questions, such as what type of discussions and conclusions should be aimed for in the annual global review to be undertaken by the Board, whether indicators of success should be developed, and whether and what kind of recommendations should be made in case of non-compliance with commitments made. The same questions also arose with regard to follow-up at the regional and national levels. He deemed it necessary to have an analytical framework for evaluating the coherence at the regional level of policies implemented by the LDCs, as well as their impact on regional integration efforts. At the global level, the follow-up should draw maximum advantage from the national-level follow-up, and general lessons could be drawn from the experience of countries in similar situations. Lastly, there was the question of how to take account of abrupt and unforeseen changes or shocks which would have a major impact on the implementation of the Programme of Action. It was in the spirit of the Programme of Action to raise such questions so that solutions could be sought jointly.

18. The representative of Bhutan expressed satisfaction with the successful outcome of the Paris Conference and the adoption of the Programme of Action for the LDCs for the 1990s. Unfortunately, however, the favourable international economic climate had suddenly been overshadowed by the crisis in the Persian Gulf. The impact of the Gulf crisis had undoubtedly had adverse effects on the economies of most of the developing countries, but because of their fragile economic base, the LDCs had been hit the hardest. The economy of Bhutan had been seriously affected by spiralling oil prices, the rising cost of imports and related inflationary pressure. Never before had the rate of inflation in Bhutan been so high. This clearly showed the vulnerability of the country's weak economy to adverse external shocks.

19. Bhutan was in the process of finalizing its seventh five-year Economic Development Plan for the period 1992-1997. Plans and programmes would be guided by a set of well-defined national policies and priorities. Rural development, increasing food production, development of human resources, conservation of the environment, mobilization of domestic resources, greater

people's participation in the decision-making process, diversification of the economy and promotion of the participation of women in the development process would form an integral part of the plan. Measures were being taken to broaden popular participation in the development process.

20. The Programme of Action for the LDCs for the 1990s designated UNCTAD as the focal point for the review and appraisal of the implementation of the Programme and its follow-up at the global level. With regard to UNCTAD's technical assistance, his delegation would like to see UNCTAD mobilizing adequate resources to expand this important activity. In this connection, he expressed gratitude to the Governments of Italy, Japan and the Netherlands for their contribution to UNCTAD's technical assistance activities. In view of its acute shortage of trained/qualified personnel, Bhutan attached great importance to technical assistance activities, and it called on other donor Governments to support such activities.

21. The representative of China said that the Second United Nations Conference on the Least Developed Countries had achieved positive results. The Programme of Action for the LDCs for the 1990s and the Paris Declaration adopted by the Conference were of great importance for the revitalization of the economies of these countries; they reflected the political will of the international community to help the economic development of the LDCs and contained measures to be taken to that end.

22. Her country supported the recommendations in the Programme of Action concerning its implementation, in particular with regard to the fact that the Secretary-General of the United Nations should closely co-operate with the Director-General for Development and International Economic Co-operation, the Secretary-General of UNCTAD, the executive secretaries of the regional commissions and the lead agencies for the aid groups to ensure the full mobilization and co-ordination of all organs and bodies of the United Nations system at the secretariat level. She agreed with the recommendation that UNCTAD's Special Programme should be provided with sufficient capacities and resources for the effective and timely implementation of its mandate, and UNCTAD should make a substantive input to the implementation of the Programme of Action and play an active role of co-ordination. She recalled the key role of UNCTAD in the implementation of the Substantial New Programme of Action for the LDCs for the 1980s and welcomed its many efforts in the context of the implementation of the Programme of Action for the 1990s.

23. The LDCs must undoubtedly make a tremendous effort in the implementation of the Programme of Action. However, other members of the international community should also take specific actions to honour their commitments as contained in the Programme of Action. They bore the responsibility for creating a favourable international economic environment for the LDCs and for increasing assistance so as to make a positive contribution to the improvement of the economic situation in the LDCs. The implementation of the Programme should be subject to serious regular review, in accordance with General Assembly resolution 45/206.

24. China was a developing country, and strengthening solidarity and co-operation with the third world countries was a fundamental element of its foreign policy. China would therefore continue, within its capabilities, to expand the scope and forms of its economic co-operation with the LDCs by way of its contribution to helping the LDCs to eliminate poverty at an early date.

25. The representative of Saudi Arabia, responding to the fact that in a number of statements reference had been made to the adverse effects of increasing oil prices on the economies of the LDCs, said that the increase in oil prices at the start of the Gulf crisis had been due to imaginary and fictitious concerns caused by the panic which had characterized oil markets during that period. The fact that oil prices had declined, notably since the outbreak of hostilities in the Gulf, proved that analysis.